

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

Market Conduct Examination

of

Sunset Life Insurance Company of America

3200 Capitol Blvd. South

Olympia, Washington 98501-3396

as of

June 30, 1996

Seattle Washington

Deborah Senn
Insurance Commissioner
Olympia, Washington 98504

Dear Commissioner Senn:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010, I have examined the corporate affairs and conduct of:

Sunset Life Insurance Company of America

3200 Capitol Blvd. South

Olympia, Washington 98501-3396

hereafter referred to as "the Company", "Sunset Life", or "Sunset". This report is respectfully submitted for your review and action.

Scope of Examination

The examination was performed in compliance with the provisions of Washington insurance laws and regulations. The market conduct review followed the rules and procedures promulgated by the Office of the Insurance Commissioner (OIC) and the National Association of Insurance Commissioners (NAIC). The examination covered the period of January 1, 1991 through June 30, 1996.

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Management and Control of Company

Sunset Life Insurance Company of America is a reserve stock company operating in 21 states and three American territories. The Company is a wholly owned subsidiary of Kansas City Life Insurance Company. The corporate procedures are established in the Company By-Laws which are administered by a Board of Directors. The Company is organized according to specific functions. Those functional areas are: Individual Operations, Marketing/Communications, Actuary, Accounting, Policy Holder Services, Systems and Services, and Buildings and Grounds. (See Appendix 1)

Board Minutes

Board Minutes from Annual Stockholder Meetings and the Board of Director Meetings from January 1991 through June 1996 were reviewed. The Board meets quarterly. The second quarter meeting is the Annual Meeting which convenes every April. Minutes from the Claim Committee and the Risk Committee meetings were also reviewed. The committees do not appear to meet on a regular basis, but do keep minutes. The minutes are not forwarded to the Board for review or approval. The Company stated that the

Executive Committee does not meet on a regular basis, and does not have minutes from any meeting that might have been held.

The current Board of Directors elected in April 1996 are:

Joseph R. Bixby	Daryl D. Jensen
Walter E. Bixby	Francis P. Lemery
Walter E. Bixby, III	C. John Malacarne
Charles R. Duffy, Jr.	Edward Y. Mayeda
Nancy B. Hudson	Michael P. McKennedy

Officers of the Board for 1996 are:

Chairman of the Board	Walter E. Bixby
Vice President of the Board	Daryl D. Jensen
President	Daryl D. Jensen
Vice President, Secretary-Treasurer	Edward Y. Mayeda
Sr. Vice President-Individual Operations	Michael McKennedy
Vice President Policy owner Services	Robert J. Barker
Vice President Underwriting	Ivan E. Keefer
Vice President- Actuary	Craig R Corrie
Vice President-Sales	William R Vanderberg

Standing Committees appointed by the Board of Directors are: Officer Compensation Committee, Committee on Employee Benefits, Nominating Committee, and Personnel Committee. For members on each of these committees for the 1996 year, see Appendix 2.

Minutes for the Annual Meetings and the Board of Director Meetings were in order and complete. Those for committees were incomplete, and have been recorded only recently.

Anti-Fraud Plan

The Sunset Life Anti-Fraud Plan was reviewed for compliance with RCW 48.30A which requires that an Anti-Fraud Plan be in existence and comply with specific functional requirements. The anti-fraud plan was filed with the OIC 12/5/95. It is the same plan in use by Kansas City Life.

History of the Company

Sunset Life is a legal reserve stock company incorporated in Washington State in 1935. By 1994, the total insurance in force reached five billion dollars. Significant activity in the Company's history includes the following events:

- 1938 Mutual Service Life of Spokane absorbed by Sunset Life.
- 1949 Sunset Casualty merged with Sunset Life.
- 1960 Sunset Life purchased Old American Life of Seattle.
- 1964 Great Northwest Life of Spokane merged with Sunset Life.
- 1968 Sunset Life purchased Great Northwest Management Company, and renamed it to Sunset Financial Services (Broker Dealer for mutual funds, variable life and annuity business).
- 1973 Pacific American Life is merged into Sunset Life.
- 1975 Kansas City Life purchased 96.8% of Sunset Life shares, and Sunset begins operations as a subsidiary of Kansas City Life.
- 1977 Great Republic life insurance business is purchase by Sunset Life.
- 1985 Sunset Variable Life company is formed.
- 1990 Kansas City Life purchases all remaining stock in Sunset Life.
- 1991 Sunset Variable Life Company is dissolved and assets are merged back into Sunset Life.

Currently, the Company markets whole life, term, universal life and annuity products. In the past, the Company also offered disability, health and casualty products in addition to the current portfolio, but ceased the sale of these products prior to the examination period.

Territory of Operations

Sunset Life is licensed in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Kansas, Louisiana, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington and Nevada. Additionally, Sunset is licensed in American Samoa, Guam and the Mariana Islands.

Sales /Marketing and Advertising

Sales and Marketing is part of the Individual Operations Division. The department is headed by the Senior Vice President of Individual Operations, who is also the Chief Marketing Officer. The Directors of Marketing Communications, Marketing Services and Marketing Administration report directly to the Chief Marketing Officer. Products are designed and developed by these executive officers in conjunction with the Actuarial Department and the President of the Company.

In the past, Sunset Life emphasized sales to the military market. Agents solicited and sold Sunset products on various military bases throughout the U.S. and Europe. Sunset now seeks and emphasizes non-military business and has purposely developed the non-military market. Current emphasis is placed on small business life accounts and family life sales. Sunset continues to provide service to the in-force military accounts.

Sunset Life is committed to marketing their products through independent agents. Each independent agent appointed with Sunset has full access to the life and annuity products offered by the Company, and operates as an independent business, distinct and separate from Sunset Life. Sunset performs no direct company marketing program to the public. For recruiting purposes, Sunset uses trade magazines to advertise itself to prospective independent agents.

Advertising also falls under the jurisdiction of the Senior Vice President of Individual Operations. Advertising is handled through a cooperative effort between the Marketing Communications Director and the Marketing Services Director who create sales concepts, text for sales materials, and decide upon statistics used in product advertisement to agents, prospective clients, and trade magazines. They are responsible for proof-reading text and review of all written materials. A full-time staff attorney is responsible for ensuring material is in compliance with WAC and RCW requirements. Text and sales brochure ideas are given to the Art/Printing Department for the initial layout design, colors and form numbering. The Marketing Communications Director, Marketing Services Director and the Chief Marketing Officer have final approval of all forms, texts, graphics and statistics used in an advertising item. Once final approval is received, the Art/Printing Department publishes the materials. Notification of new or revised material is sent directly to agents and is announced in Sunset's monthly agent magazine, Horizon.

Agents order supplies directly from Sunset's Supply Department. They do so by ordering from a pre-printed form which is sent to Sunset Life. It appears that this form does not always have the most current form version or most current forms listed, thus agents may not know when new material is available. Agents may create their own advertisements using Sunset identification only after receiving prior approval from Sunset. As agent specific forms are paid for by the agents, they generally use the advertising materials available to them from Sunset.

In 1994, Sunset instituted an organized forms filing system, which includes advertising forms. The filing system uses numerical and alphabetical characters making filing, storage, retrieval and reference to advertising materials easier and faster. Review of 171 separate sales, marketing and advertising items revealed that Sunset is doing a good job of creating and controlling written sales, marketing and advertising materials for compliance with the WAC and RCW requirements.

Of the 171 forms reviewed, 11 were found to have errors. Of these, ten forms were found to contain misleading information while one was lacking proper company identification. A list of the forms and the problem found with each form can be found in Appendix 3.

Agent Activity

Products are sold and marketed through independent agents who are recruited and trained by Sunset Life Regional Directors. Regional Directors (RD's) are salaried personnel who have both field responsibilities and in-house sales management duties. Geographic territories are assigned to each of the five RD's. Regional Directors are responsible for agent recruitment, training, sales and marketing and new business growth.

Regional Directors seek to appoint agents having at least five successful years of life sales experience. Independent agents are the sales and marketing backbone of Sunset and all but a very small fraction of Sunset business comes from these independent agents. Agents are recruited by the Regional Director and then brought to the Sunset Home Office for additional training on products and procedures. Each agent is required to attend a two day training session. Agents then leave the Company session with agent procedure manuals, product marketing supplies and field sales supplies such as applications. The Regional Director will then work with each agent for the first six months to assist them in complying with Sunset administrative procedures and sales/marketing solicitation goals. There is no planned follow up with the agent's office to ensure adherence to administrative procedures.

As of September 1996, there were 235 Sunset Life agents appointed in Washington. Sunset Life's main focus in recent years is the Personal Producing General Agents (PPGA's) in lieu of larger General Agencies (GA's) market. Sunset has a 68% agent retention ratio, with the average agent appointment lasting for three years.

As part of the examination process, application files were reviewed to ensure that the Company is only accepting applications from appointed agents. There were two files involving two agents where the agent solicited the applications prior to appointments for Sunset Life being effective. (See Appendix 4). Although the New Business system will not allow an agent to be entered into Company records unless the appointment is effective, it appears that the Company does allow unappointed agents to solicit business on their behalf. The Company practice is to determine if the agent appointment papers are being processed. If so, they will allow underwriting of the application but it will not be put in force until the appointment is complete. If appointment papers are not in process, the application is returned to the agent.

Complaint Handling

The Company does not have a formal written procedure for handling complaints. Any person making a complaint is asked to submit their complaint in writing. When received,

the complaint is forwarded to the Vice President of Policyowner Services for review and logging. The Company maintains a Personal Computer database for tracking complaints. Once logged, the complaint is forwarded to the proper party for response. It appears that each functional area has a person responsible for handling complaint responses.

For the exam period, the Company logged 35 OIC complaint files. This is an average of about six complaints per year. As part of the examination process, 11 Company policy files containing different types of OIC complaints were reviewed for timeliness and fairness in the responses and actions taken. Although lacking formal procedures, Sunset does appear to have a viable complaint handling process, and they act promptly to resolve complaints. There is a lack of documentation in some cases, especially where compromise situations are reached.

Twenty eight of the 35 complaints (80%) concerned cases where the agent allegedly mishandled information intended for the insured, and cases where the agent allegedly misrepresented insurance to the insured. Of these, most complaints concerned agents not fully explaining the product sold. Twenty two of the 35 complaints concerned the marketing and sales area. (See Appendix 5)

There appeared to be consistency in complaint handling. It does appear as though complaints are received and given priority handling status. In addition, the Company is aware of the requirement to have a response to the OIC within 15 working days, and makes every effort to meet this deadline. However, in only six of 16 cases tested for time service compliance from 1994 to the current date did the Company meet the time service criteria established in WAC 284-30-650.

Ethics Review Board

Ethics complaints are handled separately from other complaints, although all are logged into the main PC database. Ethics complaints deal with agent ethical matters. Although complaints are normally all forwarded to one person for disbursing within the company, it is possible for a complaint to be entered directly into the Ethics log and miss the general complaint log. The Sunset Life Ethics Review Board was created in late 1994 to review all complaints of unethical business practices by Sunset Life representatives, including general agents, agents or the agent's employees. The purpose is to ensure consistent and strict enforcement of the ethical standards. Complaints against Sunset employees are referred to the employee's immediate supervisor.

All general agents and agents representing Sunset Life are required to sign an acknowledgment that they have received a copy of the Ethical Guidelines for Sunset Life and that they will abide by them. This becomes a part of the agent's personnel file.

During this examination complaints lodged against seven Washington agents that were investigated by the Ethics Review Board were reviewed. The Board minutes are inconsistent regarding documentation of complaints and recommendations by the Board. There does not appear to be a formalized procedure involving time frames for

investigating complaints unless they involve inquiries from the OIC. Five complaints involved replacement procedures, sales illustrations or failure to explain surrender charges. Where appropriate, the agents were instructed by the Board to change their presentations to reflect current interest rates.

Two complaints involved canceled Sunset agents. The Board resolved the complaints with the policyholders.

One complaint involved an agent failing to comply with Fort Lewis Army Base regulations while soliciting on the base. Because this agent was authorized by Sunset Life to sell their products on the base, Sunset was a part of the base disciplinary process. This process was documented in the file. A reprimand letter was sent to the agent by Sunset Life, and the agent's base privileges were revoked by the base commander.

The Ethics Review Board Members are: President, Senior Vice President of Individual Operations, Assistant Vice President and Director of Marketing Services, Underwriting Vice President, Policy Service Vice President and the Staff Attorney. They meet as necessary (when cases arise), and their meetings are documented by minutes taken by a Company Administrative Assistant.

Contract and Form Filing

Forms are created at Sunset Life and sent to Kansas City Life (KCL) for filing. All filing history resides with KCL. Until 1993, state filings were handled at Sunset by each department. Now this function is more centralized, with one staff person at Sunset handling the communications and instructions to KCL concerning each filing. While some copies of filings were located in Sunset's office, most had to be retrieved from KCL.

Twenty four contract forms were produced by the Company and were checked against the OIC mainframe records to determine when the form had been filed, and the action taken by the OIC on the form. There were no instances where a policy form was used prior to the effective date of the filing.

This is true for the amendments and endorsements issued with the policies with one exception. The Joint Universal Life policy form was approved with an effective date of 12/12/90. The original Cost of Living Rider for this plan was an amendment form with no form number, and it was not filed. In 1993, the Company did file form M-146 and began using this form 6/4/93. From the period of January 1, 1991 until June 4, 1993, there were 31 policies issued with the unfiled amendment. (See Appendix 6)

Application forms were also reviewed to ensure that filing had been done as required. Two of the application forms had not been filed. In April 1993, the Company revised the military application Form 1051(ND) (filed and approved on 12/8/87). The changes were

minor: adding the driver's license number and state of issue to the agent's report, adding a line to show where the application had been signed on the signature page, and correcting the address, zip code and fax numbers.

The form number was changed to Form 1051A(ND). These changes do require that the form be refiled with the OIC, which was not done. In reviewing application files, six of the 116 files reviewed used this application form. See Appendix 7. One (1) annuity application, Form 636E, was also never filed. This form revision included only adding a new area code to the phone number. There were no instances of this form being used in the sample of 116 files.

One additional form where filing will be required is the Extended Care Rider. This rider form, R130-N, was filed and deemed approved on 10/23/89. It is actually an accelerated benefit rider that can be exercised when the insured is confined to a nursing home. The Company marketing materials name this rider a Long Term Care Program. There were 47 policies sold in Washington State with the Extended Care Rider. Of these, 33 remain active as of the examination date. Subsequent Event: On October 4, 1996, the Company sent out a marketing bulletin revoking the Extended Care Rider in the State of Washington. At the same time, they sent a notification to the OIC withdrawing this rider from their product portfolio.

A review of non-filed forms was also completed. This included disclosure forms for the accelerated benefit rider, the disclosure form for the extended care rider, and the replacement form. All appear to be in compliance with the requirements of WAC 284-23-485 (Replacement Regulation), and WAC 284-23-650 (Accelerated Benefit Regulation).

New Business

New business is processed in the New Business and Underwriting Department. Applications come into the department and are date stamped. Any money that is received with the application is endorsed and batched for deposit. If money is received, the clerk looks for a complete conditional receipt. If one is missing, the application is routed for special handling and a receipt is sent back to the agent for delivery to the insured. If the Insured or Owner signature is missing, the application is returned to the agent. At this point, the policy is assigned a number and application information is entered into the system. When system output is received, the file is routed to the appropriate team (blue or tan) for underwriting. The file is reviewed by the underwriter or paraunderwriter. Clean cases are approved and policy pages are ordered. If underwriting is required, the file goes to the underwriter for review. Once all requirements are received and reviewed, the case is approved. The application is marked as approved on the system and policy pages are ordered.

Policy page output includes an Assembly Instructions page that shows the pages which are to be included in the policy. Under the old computer system, each page to be included

in the policy is listed on the Assembly Instruction page. The New Business area uses this page to manually assemble policies. In addition, because a complete policy is not included in the file, it was a means to document those pages included in the contract for future reference. Under the new corporate system, the Assembly Instructions page includes the policy form number only, and does not include the specific policy pages. These policies are laser printed as the policy is issued and do not require manual assembly. However, there is no file documentation as to the exact pages included in the contract.

After policy page output is received, copies of the application and medical examination, if any, are added to the contract. Any required amendments and endorsements are also created by the New Business processor at this time, based on instructions from the underwriter or paraunderwriter. The policy is assembled and mailed to the agent for delivery to the policyowner. In early 1996, the Company added a policy delivery ticket to the packet of delivery information. Although it is not required that this receipt be returned, it is encouraged. The agent has 30 days to return all the delivery requirements to the Company. When returned, the policy is marked paid on the system and the records move to the in-force policy administration system. If the requirements are not returned, the policy is marked Not Taken, and processing is terminated. All money received is returned to the Insured or Owner, and a letter is sent stating that any coverage under the policy is terminated. Files are sent to the file room for storage.

The review of new business processes included pulling a sample of 116 policy files. The results of the review are listed in Appendix 8.

Paperwork including applications and all other underwriting and issue documentation is moved from the original file when an internal replacement, policy change or conversion is completed. The old file is marked for destruction. A notation is not included in the original policy file showing where the records can be found. Informally, the processor writes on the outside of the file what action was taken on the original file, and what the new policy number is. This means that in some cases, there is not a pointer to show the reviewer where the documentation resides, or what information has been moved. Of the 116 files reviewed, this was a problem in 5 files, or 4% of the sample. In addition, this was noted as a problem on the 50 internal replacement files reviewed during the examination.

A Life Insurance Buyers Guide is required to be delivered to the Owner of the policy no later than at delivery, per WAC 284-23-230. The Buyers Guide does comply with WAC 284-23-270. The Buyers Guide form number is included on the Assembly Instructions page. The company does not note in the file if the Buyers Guide has been included. Of the 116 files reviewed, the form number did not appear on the Assembly Instruction page in 1 file. This is <1% of the sample.

One policy on a Washington resident was issued as a California contract. The application was taken by mail using a California agent. The Company's computer system identifies the state of issue for the contract from the place the application was signed rather than from the resident state of the Insured. This is incorrect. Although there was only one policy in the sample that fell into this category, it is established procedure to use the application state for the contract state, so there are many policies that fall into this category in the general population.

One of the reviewed policy files did not contain the replacement form required by WAC 284-23-455(2)(a). In addition, two policy files did not have signed statements from the agent as to whether or not replacement is involved as required by WAC 284-23-440(1)(b) and WAC 284-23-455(1). The statement is printed on the application, but was not complete on the agent report section of the application. Further discussion of this issue is found under the report section "Replacement and Conservation Activity".

One policy did not have an amendment showing that the policy had been issued in an extra premium class.

A consent form is required prior to drawing blood for underwriting tests. The consent form was not obtained in two of the policy files where blood tests were performed.

There were several files where it appears as if general processing steps were deleted. These include no date stamp on the application form (3), no date on the signature page of the application (1), and paperwork filed in the incorrect file (1). In general, documentation on files prior to 1994 is poor, and many items are missing, including documentation for underwriting decisions. Since 1994, new management has made standardized file documentation a priority. The majority of the problems listed in this category occurred prior to the change in management.

In one file, a check for the initial premium was made out to the agent. The agent crossed out their name and wrote in the name of the Company. The Company accepted this check. Their procedure is to take third party checks as long as the check is endorsed to the Company. It did not appear that this happened with this application file. In addition, the balance of the initial premium was paid by the agent. The Company clarified money handling in a memo to agents dated 1/17/96. In summary, the memo states that agents may collect only the initial premium. All other premiums must be sent directly to the Company. The only form of agent check that is allowed for premium payment is one drawn on a trust account, and then only with prior Company approval. In reviewing policy files since the memo date, no deviance from these instructions were detected.

Underwriting

Underwriting is part of the Underwriting and New Business Department. There are two full time underwriters, one senior underwriter and a Vice President. Administrative work

is done by the New Business Staff . The underwriters are responsible for determining if an application is to be accepted as applied for, accepted with additional premium, or declined. They use a variety of tools to make this determination, including medical evidence, inspection reports, motor vehicle reports, additional insured information via questionnaires, and additional information from the agent. They have established procedures and use the Transamerica Occidental Life underwriting manual as a basis for underwriting. Those cases over the retention limits are automatically reinsured through treaties with either Kansas City Life or Transamerica Occidental Life. There are four reinsurance companies with which Sunset has facultative reinsurance agreements, and the Company "shops" these reinsurers for substandard risks. They also use the Medical Information Bureau (MIB) to determine other insurance applications and underwriting actions. In 1994, new management instituted file documentation procedures to ensure that all decisions are documented and that applications are handled similarly. The underwriter may elect to make exceptions and waive requirements. This is documented in the file.

As part of this file review, we pulled a sample of 116 policy files. These consisted of all types of insurance sold by the Company during the exam period, and included declined and rated files as well as standard issue. We also checked these files for rate accuracy. We did not find any discrepancies in the underwriting process, with the exception of the following items.

Adverse Underwriting Notification. When a policy is issued other than as applied for, the Company calls the agent to notify them of the action and to determine if a policy should be issued. An Adverse Underwriting letter is also sent out at this time to the Insured. The letter contains the reason for the adverse action (decline, rate, etc.). It also contains the statement that confidential medical information can only be released to a physician. This letter is a form letter that contains variable information paragraphs. In reviewing files, it was noted that out of 116 files, 42 had adverse underwriting action. Of these, 15 did not have adverse underwriting letters in file. In addition, 2 letters used the California format rather than the Washington format of the Adverse Underwriting Letter. (See Appendix 9)

Preferred Rates. The Company has preferred and standard rate classes. There is not space on the application to indicate preferred or standard as being the class applied for, but they do assume that the applicant requests preferred rates. They underwrite for preferred rates. If the applicant does not qualify for preferred rates, the Company issues a policy using standard rates. There is not any notification that the applicant did not get preferred rates. Of the 42 adverse underwriting action files reviewed, there were 2 that were denied preferred rates and notification was not sent on either file. (See Appendix 9)

Replacement and Conservation Activity

Replacements are handled in the New Business unit or in the Conservation Unit. The New Business Unit handles external replacements by Sunset policies. Internal

replacements are handled by the New Business Unit as well. The Conservation Unit handles the cases where a Sunset policy is replaced by another Company.

For internal replacements and those where Sunset is replacing another company, the replacement form is received with the application. If the application indicates replacement but the forms are not present, they are required as part of the underwriting process. When the form is received, the New Business Unit sends notification of replacement to the replaced company. For internal replacements, the forms are filed with other underwriting documents. The New Business processor indicates in the file that the notification letter has been sent.

When Sunset Life receives notification that one of their policies is to be replaced by another company, the file is forwarded to the Conservation Unit. This unit is part of the Marketing Department. The Conservation Unit is staffed by two Conservation Analysts who are licensed as agents in the State of Washington. The Analysts contact the agent or consumer to attempt to keep the Sunset Life policies in force. They do this by using a script which was found to use outdated information from a rating company, A.M. Best. The Company has established procedures for the Conservation Unit and the Analysts have manuals on their desks.

There are quarterly reports generated for management review that contain information about the type and number of replacements handled in the unit. When one or both of the Conservation Unit Analysts are absent, the Company routes phone calls back to the Policy Services Department. At that point, the Customer Service Representatives (CSR) handle conservation activity as they do any other work coming into their department. There are no published guidelines as to what can be handled by non-licensed, non-appointed personnel and what needs to wait for the Conservation Analyst to handle.

Replacement logs are kept for all types of replacements, and are maintained on a PC database. The information kept is complete and is easily accessible. From the logs, a sample of 91 files were pulled for review. These were separated into three categories: Internal (Sunset replacing Sunset), External (Sunset replacing another company), and In Force (another company replacing Sunset).

Forty three internal replacement files were reviewed. Of these, 13 did not have replacement forms in file. During the examination period, the Company changed requirements from requiring forms, then did not require forms, and currently the procedure for internal replacements does require forms. The sample did reflect the changes in procedures. In addition, it was noted that the Policy Change Form, 757-O, does not contain the written statements required from the agent and proposed insured concerning replacement. If a Policy Change is made using a regular application form, these questions are answered.

For external replacements, 22 files were reviewed to determine if the Company received replacement forms, and to determine if the Company sent notification to the existing company within the three day time limit established under the WAC. Three files did not meet the three day requirement, but all did have forms on file. (See Appendix 10)

Nineteen files where Sunset was replaced by another company were reviewed to determine if Sunset complied with regulations requiring the existing company to send policy illustrations if they are attempting conservation. Fifteen of the reviewed files did not meet this requirement. It was noted that the Company did not include this requirement in their written procedures. (See Appendix 10)

Policy Holders Services

Policy Holder Services is one of the six major corporate divisions within Sunset Life. It is managed by the Vice President of Policy Holder Services. The Policy Holder Service Department is divided into three units, each headed by a Manager: Policy Holder Correspondence, Premium Accounting and Records Center.

The bulk of policy holder servicing is handled by the Corporate Correspondence unit. Their activities include: loan processing, withdrawals, surrenders, general client and agent letters and form requests and beneficiary changes. These service events can be originated by the customer, an agent or the beneficiary of a policy.

Policy service personnel use procedure manuals for each phase of policy service. Policy holder service actions are tracked and documented by Sunset as the transactions are processed. Originals of the requested transactions are retained in the client file. Copies are sent to the agent for their file reference. Review of 25 procedural manuals indicates that while manuals do contain most necessary information, they are not in a formal procedure format. There are many notes and updates, most done by each person during training. (See Appendix 11)

Employees are to process all work according to performance standards set by the Policyholder Services Department. Monthly transaction summary reports are expressed as a percentage of Sunset's desired service quality standard. In 1996 the company has consistently met their time service standards. Each service processor will begin and end his/her transaction and then enter it into the computerized log system. Overall processing for 1995 averaged from 92.9% to 97.1% of goal. January 1996 to August 1996 averaged 95.4% of goal. These percentages support the transaction/response times reviewed in other report sections. Twenty-six customer service documents were reviewed and were found to be in compliance with WAC and RCW provisions concerning clarity, wording, deceptiveness and content. (See Appendix 12)

Billings are processed in the Premium Accounting unit. Billing consists of new account billing, renewal billing, billing reconciliation, billing address confirmation and client

address search procedures designed to keep the billings from being sent to incorrect addresses. Billing modes consist of annual, semi-annual, quarterly, monthly direct and monthly electronic fund transfers. Billing cycles are automated and controlled by Sunset's computerized billing system. Billings and billing related notices are sent in a timely and consistent manner. Sunset's automated billing system enables Sunset to operate in compliance with WAC and RCW requirements for timeliness of client notification and notification content.

The Records Center is responsible for record retention, filing, retrieval, and distribution within Sunset. Client files are not created by the Records Center. Client files are initially made by the New Business Processing Department when the application is received by Sunset. Separate files are created when a claim is made. Each claim has its own file folder and claim control sheet for processing. The Records Center may repair or refurbish file folders, but they do not create or manipulate the contents of client files. As canceled policy files and closed claim files accumulate, the records are moved from the main office building records center to a company owned and secured building on premises. Files are easily retrieved when needed.

Claim Processing

Claims are processed in the Claims Unit of Policy Holder Services. There are two full-time claim processors who are responsible for adjudicating life, disability and waiver of premium claims.

During the examination fifty claim files were reviewed. Sunset Life appears to process claims in compliance with WAC and RCW regulations. In the sample, proper interest was paid, correct interest calculations were made, proof of death forms were supplied by Sunset in a timely fashion to beneficiaries (within 10 days) and claim payment was made promptly after receipt of proof of death forms and death certificates.

Investigations were conducted within 30 days or reasonable time frame for special situations. Benefits were paid to the correct beneficiaries, proper pre-payment investigations were made for claims submitted within the two year contestable period, reinsurance was pursued where applicable and proper IRS notification was sent to those beneficiaries with interest earnings from annuities. Claim files were well documented and clearly written settlement explanations were furnished to each beneficiary. Claim procedures are written and retained in claim processing manuals for daily processing reference for each claim processor.

Two files involving rescinded coverage were also reviewed. The files were well documented. After medical investigation, the Company made clear and timely notifications of the rescissions to the beneficiaries. Examination of both recession files reveals that Sunset Life was properly exercising its right to rescind based on material misrepresentation by the insured.

Review of six files involving the waiver of insurance cost rider and the waiver of planned premium rider indicates that Sunset Life is not in violation of WAC or RCW requirements for claim processing. Response times for correspondence, medical investigations, claim payments and refunds are processed in a timely and numerically accurate manner with clear language used in decision communications to consumers, agents and other personnel involved in the claim adjudication process.

INSTRUCTIONS

Sales/Marketing/Advertising

1. RCW 48.30.050 requires a company to include their name and domicile on all sales and advertising materials. The Company did not include this information on one piece of material reviewed. The Company is instructed to update these forms to include this information at the next print date or within six months of this examination, whichever occurs first. See Appendix 3 for a list of the materials involved.
2. RCW 48.30.040, WAC 284-23-050(1), (2), (5), (11)(c), and WAC 284-23-040(1)(2) require that language used in marketing and sales materials not be deceptive or misleading. There are 10 items that are currently used by the Company which contain language that could be misconstrued by consumers. The Company is instructed to update these forms to conform to requirements of these code sections at the next reprint date or six months from the date of this examination, whichever occurs first. See Appendix 3 for a list of the materials involved.

Agent Activity

3. RCW 48.17.160(1) and WAC 284-17-420(1) require agents to be appointed prior to soliciting applications for a company. During the file review of 138 files, it was noted that unappointed agents solicited business on two applications. Although the Company computer system does not allow an agents code to be input in the new business system until they are appointed with Sunset Life, this does not stop the agent from soliciting business on behalf of the Company. The Company is instructed to immediately return all applications from unappointed agents until the appropriate paperwork is submitted to the State of Washington. See Appendix 4 for a list of the agents involved.

Contracts and Forms

4. RCW 48.18.100(1) requires that all forms of policies and applications be filed prior to being offered for sale in the State of Washington. In three instances, Sunset Life did not file a policy amendment or application form prior to use. Therefore, the Company is in violation of this code section, and is instructed to immediately take the steps outlined below to comply with RCW 48.18.100(1). In addition, the Company is instructed to file all forms used in the contract including the application form prior to use.

a. There were 31 policies issued with an unfiled version of the M-146, Cost of Living Rider for the Joint Universal Life Policy. The Company is instructed to file this rider and add this rider to the in force policies affected by this change. See Appendix 6 for a listing of policies with this added rider.

b. Application Form 1051(ND) was revised in April 1993, but the revised form, 1051A(ND) was not filed. The Company is instructed to immediately file this form with the Office of the Insurance Commissioner. In the sample reviewed, six out of 116 files contained application form 1051A(ND). See Appendix 7 for a list of policies using this application form.

c. Annuity Application Form 636D was filed and approved on 10/16/86. In 1994, the Company changed the area code in the address block at the top of the form, but did not refile the form. At this point, the form number did not change. In February 1995, the print shop changed the form to 636E. Until the examination, the Company had not noticed this change. The Company is instructed to file this revised form with the Office of the Insurance Commissioner immediately.

5. The Company sold an Extended Care Rider that is actually a form of accelerated benefit rider. This rider form does not meet the requirements of WAC 284-23. The Company has withdrawn this rider from sale in the State of Washington effective October 4, 1996. There were 47 riders sold, with 33 currently active. Since the Company has voluntarily withdrawn the product, there are no instructions on this issue. The Company is instructed, however, to file any replacement product prior to use, and to review their current Terminal Illness Accelerated Benefit Rider for compliance with WAC 284-23, Accelerated Life Insurance Benefits, and refile the product as needed.

New Business Processing

6. RCW 48.01.020 defines the scope of Title 48 RCW as "All insurance and insurance transactions in this state, or affecting subjects located wholly or in part or to be performed within this state, and all persons having to do therewith are governed by this code." This means that any insurance issued on a resident of the State of Washington must comply with Washington Insurance Code. Therefore, any policy issued on a resident of the State of Washington must be considered a Washington contract. The Company is instructed to change their procedure immediately to reflect this requirement.

7. The Company is instructed to change their procedures to ensure that replacement forms and application questions concerning replacements are complete as the Company reviews the files during the underwriting process. WAC 284-23-440(1) and WAC 284-23-455(1) require that this information is received at the time of application. Four files did not meet replacement requirements. (See Appendix 8)

Replacements and Policy Conservation

8. WAC 284-23-450(1) require the Company to instruct their agents about the replacement regulation and about required activities agents must perform relative to replacements.

The agent instruction manual needs to include specific information about the type of activities that constitute replacements, and specific activities to be performed by each agent. It should also contain information about the specific forms that must be completed by the agent and the Company. The Company is instructed to add this information to the agent instruction manual. This information is also to be included in the Conservation Unit Employee Manual.

9. The Policy Change and Service Request form (Form 757-O) is used as an application form for policy changes, including a change of plan. WAC 284-23-440(1) and WAC 284-23-455(1) require that the Company obtain from the prospective insured and the agent, respectively, a signed statement as to whether or not replacement will be involved. This is accomplished by the Company on application forms by asking specific replacement questions. These questions are not part of the Policy Change form and are not completed on internal replacements. The Company is instructed to add these statements for Form 757-O or to use the regular application form for policy changes.

Complaint Handling

10. WAC 284-30-650 requires that a company respond to correspondence from the OIC within 15 business days (21 calendar days). Any longer period of time is considered untimely. The Company must change procedures to ensure that they are in compliance with this section of the code. Six of 16 files did not meet this standard.

RECOMMENDATIONS

Management and Control of Company

1. While the Company does have the required documents to manage the affairs of the Company, it appears that they have been lax in requiring committees to formally report on the committee's duties. In order to assure that all management decisions are documented, it is recommended that the Board require minutes from all committee meetings, and that those minutes be submitted and approved by the Board of Directors as required by the By-Laws.

2. It appears as though the Board has delegated a number of functions to committees or to functional areas, such as approval of policy forms and applications. It was not noted in the minutes that this had occurred. It is recommended that when the Board delegates its functions, that this be noted in the Board Minutes for future reference.

Sales/Marketing/Advertising

3. All agent supply ordering forms need to be updated to reflect current document editions of all forms ordered by agents. This will help insure that agents are distributing correct, updated, sequenced forms from Sunset.

Agent Activity

4. Regional Directors and/or marketing staff personnel should perform field office audits of new agent operations at least one time within the first 12 months of an agent's appointment with the Company. This practice will ensure that the agent is adhering to Sunset Life's sales, marketing and administrative practice. This would be in addition to the six month sales assistance and mentoring offered by the Regional Directors.

Contracts and Forms

5. Currently, all forms are filed by the parent company, Kansas City Life (KCL). There are no on-site records of filing in the Olympia office. This means that the Company must rely on KCL for all information about filing status. It is recommended that Sunset Life maintain, on site in the Olympia office, a record of the forms filed, when they were filed, and when they were approved. In addition, filings should be coordinated through one person in the Sunset Home Office rather than all departments doing their own filing.

6. The Company needs to maintain tighter control of the form revision process so that the print shop personnel cannot change form numbers without knowledge of the management staff.

7. There are several forms on the OIC listing of rates and form filings that are not used in the State of Washington. It is recommended that only those forms actually used in the State of Washington be sent to the OIC for approval. It is also recommended that a current list of filed forms be obtained from the OIC and those not currently in use be withdrawn. In addition, when sending in a form revision, the Company should advise the OIC of the form being revised or replaced, and give them instructions on what should be done with the original form (withdrawn, left active, etc.).

New Business Processing

8. The Company practice of moving underwriting information for internal transaction cases from the original file to the replacing file creates confusion concerning the policy records. The Company should create a means to indicate what has been moved to the new file or make copies of the records moved to the new file.

9. The Assembly Instruction page generated by the corporate system and used by staff personnel should be enhanced to show *all* pages to be included in the policy, not just the form number of the general policy form.

10. The Company needs to perform an audit of completed policy files to ensure that all proper policies and procedures are followed during policy submission and issuance. This will help the Company ensure that all processing steps, such as a date stamp on the application form, are completed. This will also give the Company valuable information to identify training needs.

Underwriting

11. Adverse Underwriting Decision (AUD) letters are currently produced by the New Business area from a PC program that allows variable paragraphs to be inserted. There are three forms of the letter, one for California, one for Minnesota and one for all other states. The examination revealed that the mandated California specific language was being included in the Washington letters. The information provided had no bearing on the underwriting decisions, and was confusing and misleading. The Company should initiate a procedure to ensure that only the appropriate language is included in the AUD letters.

12. Currently, the Company does not notify applicants when they do not qualify for preferred insurance rates if the applicant has not indicated preferred rates on the application. The Company instructs their agents not to mention the rate class on the application, so notification of standard rather than preferred rates is rare. The Company does, however, underwrite each case for preferred rates. Since application for preferred rates is implied, the Company should consider some type of notification process outside the AUD procedure to notify the applicant of the rate class that is approved by the underwriter.

Replacements and Policy Conservation

13. Conservation Unit employees must be licensed per RCW 48.17.060 in order to perform their jobs. In the event that a conservation unit employee is absent, activities are transferred to another person who may or may not be licensed. Sunset needs to plan and prepare personnel for this type of event to ensure that employees handling full Conservation Unit duties are appropriately licensed. If the employee only transfers policy information to an insured with no recommendations, advice or suggestions to alter the coverage or plan of coverage, that person is not required to be licensed as an agent.

14. Universal Life surrender request scripts (7-29-96) must be changed to reflect the accurate A.M. Best rating reference and accurate company interest rates. WAC 284-23-080 states that an insurer must not use any information concerning the financial status of a company which may be misleading, and that they can only use a recommendation by a commercial rating system that is clearly defined in scope and extent in advertising. This recommendation is an extension of this code section, and recognizes that a Company should only be using the most current rating company information available.

15. WAC 284-23-455(2)(c) requires that illustrations of existing policies be sent as a part of the conservation process.

Although the Company is required to take this step only on those cases where conservation is being undertaken, it would be advantageous to the Company to send out illustrations on all cases where surrender has been requested. It is recommended that the Company change conservation procedures to include sending an illustration to the policy owner on all policies where surrender is requested.

Policy Holder Services

16. It is recommended that processing manuals be organized to include a table of contents, and numbered and dated pages. Procedural updates should be noted on the affected manual pages. This will allow employees, new and seasoned, to track current processing procedures. Each processing manual needs to be labeled for employees to identify the procedural contents. Discontinued procedures need to be removed from manuals rather than crossing out the outdated pages to lessen the chance of processing errors. Rather than each employee updating and organizing his/her manual with hand written procedural notes and references, one person should be responsible for manual updating activities and employee notification for each section of the Policy Holder Services Department.

Complaint Handling

17. It is recommended that written procedures for complaint handling and for complaint file documentation be established. We recommend that a separate complaint file containing a copy of the original complaint, copies of the supporting documents and the final answer (either written letter or phone documentation) be used. This would also serve as a control point for all complaints (ethics and non-ethics), and can be monitored for compliance with time standards.

18. Although complaints are normally forwarded to one person for disbursing within the Company, it is possible for a complaint to be entered directly into the Ethics log and miss the general complaint log. It is recommended that the Company formalize procedures so that this cannot happen.

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by all the employees of Sunset Life Insurance Company of America during the course of this examination.

In addition to the undersigned, acknowledgment is made of the participation in the work and preparation to this report by: Sally A. Carpenter and Fritz Denzer, Market Conduct Examiners from the Insurance Commissioners Office of the State of Washington.

Respectfully Submitted,

Leslie A. Krier, AIE, FLMI

Examiner-in-Charge

State of Washington

AFFIDAVIT

State of Washington)

)ss

County of King)

I, Leslie A. Krier, hereby certify based upon our examination, the Report of Examination shows the business affairs and market conduct of Sunset Life Insurance Company of America as of June 30, 1996.

I, Leslie A. Krier, being duly sworn, deposes and says that this report subscribed by me is true to the best of my knowledge and belief.

Leslie A. Krier, AIE, FLMI

Examiner-in-Charge

Subscribed and sworn to before me this _____ day of _____, 1997.

Notary Public in and for the

State of Washington, residing in

Seattle

AFFIDAVIT - CHIEF MARKET CONDUCT EXAMINER

I certify that I have reviewed the report of the Market Conduct Examination of Sunset Life Insurance Company of America as of June 30, 1996.

Pamela Martin

Chief Market Conduct Examiner

APPENDIX 1

Organizational Chart as of June 30, 1996

Sunset Life Insurance

Company of America

President					
<hr/>					
Senior Vice President	Vice President	Secretary Building	Vice President	Asst. V/P	
Individual Operations	Actuarial	Treasurer & Grounds	Policy Services	System & Services	
_____		_____		_____	
-- Sales		-- Accounting		-- Correspondence	
-- Regional Directors (5)		-- Payroll		-- Premium	
				Accounting	
-- Marketing Communi-		-- Human Resources		-- Records Center	
cations					
		--Communications			
-- Marketing Services		Center			
-- Marketing Adminis-					
tration					
-- Underwriting					

APPENDIX 2

Board of Directors Appointed Committees

Executive Committee

Walter E. Bixby, Chairman
Daryl D. Jensen
Walter E. Bixby, III
Edward Y. Mayeda
Francis P. Lemery
C. John Malacarne

Committee on Employee Benefits

Francis P. Lemery, Chairman
Daryl D. Jensen
C. John Malacarne

Risk Committee

Daryl D. Jensen, Chairman
Ivan E. Keefer
Michael P. McKennedy
Craig R. Corrie

Nominating Committee

Daryl D. Jensen, Chairman
Joseph R. Bixby
Walter E. Bixby

Claims Committee

Daryl D. Jensen, Chairman
Robert J. Barker
Ivan E. Keefer
Craig R. Corrie

Personnel Committee

Daryl D. Jensen, Chairman
Edward Y. Mayeda
Michael P. McKennedy

Officer Compensation Committee

Walter E. Bixby, Chairman
Joseph R. Bixby
Daryl D. Jensen
Francis P. Lemery

APPENDIX 3

Sales/Marketing/Advertising Items to Be Discontinued

Form Number	Form Name	Comment
A1202-6/95	Private Pension Direct Mailer	Needs Company name and address Need to identify product as life insurance, not private pension
A1040-7/95	Tax Sheltered Annuity Brochure	Misleading language "no penalty for early withdrawal". IRS penalties could apply.
A599D - 7/95	Tax Sheltered Annuity Brochure	Text states no withdrawal penalty. IRS penalty could apply.
A013B - 1/96 A1040 - 7/95	Tax Sheltered Annuity Brochure	Quotes different figures for same procedure in these brochures
A614B - 5/92	Tax Sheltered Annuity Mailer	Needs to disclose possible IRS penalty.
A395B - 7/95	1040 Tax Return Format Mailer	form has appearance of federal government endorsement, as it's printed on an IRS Form 1040 format.
A768B -	Retirement Flyer	Needs to have note that contributions are subject to IRS guidelines.
A581C - 5/96	Universal Life Mailer	"Never taxed dollars" is a misleading statement
A860D - 6/95	Long Term Care Program Brochure	Product is actually an accelerated benefit rider, not long term care product.
A859A - 9/94	Long Term Care Booklet	Product is actually an accelerated benefit rider, not a long term care product.
A861B - 12/92	Long Term Care Direct Mail Letter	Product is actually an accelerated benefit rider, not a long term care

		product.
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APPENDIX 4

Agent Activity

The following agents were found to be non-appointed at the time of selling and representing Sunset Life.

Policy Number	Agent Name
S193488	Paul Rohrbaugh
U220325	Masiar Osjouian

APPENDIX 5

COMPLAINTS BY TYPE AND DEPARTMENT

Complaint Type	U/W	M/S	CLMS	PHS	Total
Company Underwriting Practices	1				1
Agent Mishandling	1	10		1	12
Replacement	1	1			2
Alleged Misrepresentation	1	8		7	16

Miscellaneous		3		1	4
Total	4	22	0	9	35

Key: U/W = Underwriting

PHS= Policy Holder Services

M/S = Marketing and Sales

CLMS= Claims

APPENDIX 6

Joint Universal Life Policies Issued with Unfiled Cost of Living Rider

Policy Number	Issue Date	Status
U0088694	09/04/91	Surrendered
U0090872	10/25/91	active
U0090994	11/07/91	surrendered
U0091185	12/04/91	surrendered
U0091186	02/04/92	surrendered
U0091314	11/16/91	active
U0091657	11/15/91	active
U0091865	12/23/91	not taken
U0091931	12/07/91	active
U0091932	11/26/91	active
U0092035	03/04/92	surrendered

U0092038	12/03/91	active
U0092645	12/14/91	active
U0097143	06/25/92	active
U0097290	09/04/92	active
U0097448	08/04/92	active
U0097786	07/20/92	active
U0097831	08/04/92	active
U0097832	09/04/92	surrendered
U0098935	09/08/92	active
U0099454	10/19/92	active
U0099674	11/05/92	active
U0099935	10/26/92	active
U0100574	12/14/92	active
U0101141	12/05/92	active
U0101597	01/11/93	active
U0101877	02/04/93	active
U0101928	02/18/93	active
U0102670	03/26/93	active
U0200527	05/07/93	active
U0200567	06/14/93	active

APPENDIX 7

Policies Issued on Unfiled Application Form 1051A(ND)

Policy Number	Application Date
U0098595	8/13/92
U0100743	11/12/92
U0200937	5/19/93
U0202647	
U0200193	3/23/93
S196641	

APPENDIX 8

Findings from New Business and Policy Issue File Review

Policy Number	Comment
S 192401	Consent form for blood work was not in file
S 196142	Paperwork from original policy was moved to new file when this policy was converted/replaced.
U 83308	Assembly Instructions did not show that a Buyers Guide had been included in policy packet.
U 89174	Consent form for blood work was not in file

U 221504	Application not date stamped at receipt
K 214586	Policy not amended for extra premium
K 223633	Assembly instructions page missing from file
K 212715	Agent statement not complete. Returned to agent for signature. Received by company with insured's signature and no information. Accepted by company and agent's statement never completed. Also, agent did not complete replacement question on agent statement.
U 97149	The paperwork for this file was missing. Transferred to U101603 which replaced this policy.
U 216953	Application not date stamped at receipt.
U 220310	Check made out to agent, name crossed out and wrote in Sunset. Balance of premium paid by agent.
U 200193	No replacement form. Original Sunset policy lapsed 2/93.
U 214522	Application not date stamped when received
U 211605	Application not date stamped when received
U 210188	Replacement question on agent statement not answered, no follow up.
U 207185	Blood work consent form for another applicant filed in this file
U 225109	No replacement form for internal replacement
U 220015	Signature page not dated.
S 196250	Application signed in CA via mail, agent not appointed in WA but appointed in CA. Insured is WA resident. Issued CA contract, should be WA contract.

U208063	Paperwork moved from original file
U20413	paperwork moved from original file
U94068	paperwork moved from original file

APPENDIX 9

POLICIES WITHOUT ADVERSE UNDERWRITING LETTER

Policy Number	Application Date
S193488	10/91
U090012	9/91
U091508	11/91
U095608	4/92
U200231	4/93
K214586	10/94
U020413	3/93
U209171	10/91
U211605	6/94
U226724	4/96 (preferred)
U093397	1/92

U214280	10/94
U204792	10/93
K210920	6/94 (preferred)
U204414	10/93

Policies with AUD Letter using inappropriate variable paragraph

U220325	7/95
U224480	1/96

APPENDIX 10

REPLACEMENT REVIEW FINDINGS

External Replacements

The following policies were found to exceed the 3 day requirement to send notification to the existing Company.

U0212075	U0212504	U0216040
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Policies Lost to Other Companies

S185676	S172775	U0062511	U0062510
U0012944	U044796	U0043343	S42382
U026342	B0005599	S0195634	U0075627
U010379	S0181416	S203674	

APPENDIX 11

Operational Manuals Review Log

Manual	Pages #'d & Dated	Uses Examples	Written Procedure
Loans, Surrenders & Withdrawals	Y	Y	Y
Conservation & Replacements 1035 Exchanges	N	N	Y
Reinstatements	Y	Y	Y
Assignments	N	Y	Y
Annuities	N	Y	Y
Family List Bill/Premium Accounting	N	Y	Y
Electronic Funds Transfer (EFT)	N	Y	Y
Billings & Notices	N	Y	Y
Universal Life Policy Accounting	N	Y	Y
Calculations	N	Y	N
Annuity Accounting	N	Y	Y
Returned Check Processing	N	Y	Y

Dividend Checks Bonus & Deposits BackUp Withholding	N	Y	Y
Military Listings	N	Y	Y
Civil Service	N	Y	Y
Electronic Funds Clerk	N	Y	Y
Withdrawals	N	Y	Y
MENTOR New Business Manual	Y	Y	Y
Auto Issue	Y	Y	Y
In-Force Transaction Manual	Y	Y	Y
Agent Manual	Y	Y	Y
Products	No dates Yes page #'s	n/a	Y
Underwriting & New Business	Y	Y	Y
Claims	N	Y	Y

APPENDIX 12

POLICY SERVICE TIME STANDARD STATISTICS

Task	Standard (# days)	1995 Goal %	1996 Goal %
1035 Processing	7	84.6	93.3
COL Increases	7	98.7	100.0
Information Letter/no forms	5	89.6	97.1
Information Letter/forms	5	88.0	97.6
Loans Processed	3	99.1	99.2
Miscellaneous	5	87.0	96.6
Name Change	3	66.3	96.1
Not Taken Policies	5	74.5	82.5
Ownership Change	5	75.3	96.1
Replacement Forms Processed	3	64.8	85.1
Conservation Letter Sent	5	85.8	94.0
Duplicate Policy or Certificate	7	76.6	95.9
Send illustration	7	89.5	97.0
Send a FAX	1	96.6	97.8
Surrender Processed	7	84.2	97.8
Withdrawals Processed	2	96.1	99.0
Reinstatement	30	88.8	100.0

Overall Time Service Statistics for Policy Service Transaction

1995		1996	
Month	% Meeting Standard	Month	% Meeting Standard
		January	92.9
		February	93.4
		March	96.1
April	94.3	April	95.6
May	92.9	May	97.1
June	82.0	June	96.0
July	80.3	July	95.5
August	83.8	August	96.8
September	90.2		
October	94.1		
November	92.8		
December	95.7		
AVERAGE	89.5	AVERAGE	95.4

Note: Statistics were not kept in a formal manner until April of 1995. There are no numbers available prior to that date.